

Article - Local Government

[\[Previous\]](#)[\[Next\]](#)

§17–101.

- (a) In this section, “State financial institution” means an institution that:
 - (1) has a branch in the State that takes deposits; and
 - (2) is:
 - (i) a bank incorporated under the laws of any state or the United States;
 - (ii) a trust company or savings bank incorporated under the laws of the State; or
 - (iii) a savings and loan association incorporated under the laws of the State or the United States.
- (b) This section applies to the following governmental entities:
 - (1) the governing body of each county;
 - (2) the governing body of each municipality;
 - (3) each county board of education, including the Baltimore City Board of School Commissioners;
 - (4) each road, drainage, improvement, construction, or soil conservation district or commission;
 - (5) the Upper Potomac River Commission; and
 - (6) any other political subdivision or body politic and corporate of the State.
- (c) Subject to Subtitle 2 of this title and notwithstanding any provision of local law or ordinance, a governmental entity or its authorized agent:
 - (1) in accordance with § 6–222 of the State Finance and Procurement Article may:

(i) invest and reinvest in obligations or repurchase agreements all unexpended money in any fund or account of which the governmental entity or its authorized agent has custody or control; and

(ii) sell, redeem, or exchange an investment or reinvestment made under this item; or

(2) may deposit unexpended money in:

(i) an interest-bearing time deposit account or savings account at a federally insured bank or federally insured savings and loan association in the State; or

(ii) the Local Government Investment Pool established under § 17-302 of this title.

(d) Except as provided in subsections (e) and (f) of this section, a governmental entity or its authorized agent may deposit unexpended money in a federally insured bank or federally insured savings and loan association under subsection (b)(2)(i) of this section only if the bank or savings and loan association gives as security for the deposit collateral of a type specified in § 6-202 of the State Finance and Procurement Article.

(e) A governmental entity or its authorized agent may deposit unexpended money in a federally insured bank or federally insured savings and loan association without the security required under subsection (d) of this section if:

(1) the money is initially deposited in a State financial institution chosen by the depositor;

(2) the State financial institution arranges for the further deposit of the money into one or more certificates of deposit in an amount not exceeding the applicable Federal Deposit Insurance Corporation maximum insurance coverage limit, issued by one or more federally insured banks or federally insured savings and loan associations for the account of the depositor;

(3) when the money is deposited and the certificates of deposit are issued, the State financial institution receives deposits from customers of other banks or savings and loan associations in an amount at least equal to the amount of money initially deposited by the depositor;

(4) each certificate of deposit issued for the depositor's account is insured by the Federal Deposit Insurance Corporation for 100% of the principal of and accrued interest on the certificate of deposit; and

(5) the State financial institution acts as custodian for the depositor with respect to the certificates of deposit issued for the depositor's account.

(f) A governmental entity or its authorized agent may deposit unexpended money in a federally insured bank or federally insured savings and loan association without the security required under subsection (d) of this section if:

(1) the money is initially placed for deposit with a State financial institution chosen by the depositor to arrange for the redeposit of the money through a deposit placement program that meets the requirements under this subsection;

(2) on or after the date that the money of the governmental entity is received, the State financial institution:

(i) arranges for the redeposit of the money into one or more deposit accounts, each in an amount of not more than the applicable Federal Deposit Insurance Corporation maximum insurance coverage limit, in one or more federally insured banks or federally insured savings and loan associations for the account of the depositor; and

(ii) acts as custodian for the depositor with respect to the money deposited into the accounts;

(3) any money of a governmental entity deposited into a State financial institution in accordance with this subsection and held by that State financial institution at the close of a business day that is in excess of the amount insured by the Federal Deposit Insurance Corporation is secured in accordance with this title;

(4) the full amount of the money of the governmental entity redeposited by the State financial institution into deposit accounts in federally insured banks or federally insured savings and loan associations under this subsection is insured by the Federal Deposit Insurance Corporation; and

(5) on the same date that the money of the governmental entity is redeposited under this subsection, the State financial institution receives an amount of deposits from customers of other banks or savings and loans in accordance with the deposit placement program that is at least equal to the amount of the money of the governmental entity redeposited by the State financial institution.

(g) (1) The interest or income from an investment or deposit made under this section:

(i) shall be credited to the fund from which the investment or deposit was made; and

(ii) may be invested or deposited as provided in this section.

(2) Notwithstanding paragraph (1) of this subsection, if the money invested or deposited under this section is from a fund that contains the proceeds of the issuance of bonds or other obligations, the issuer may use the interest or income from the investment or deposit to repay the principal of or interest on the bonds or other obligations.

(h) A governmental entity or its authorized agent may withdraw or alter an investment or deposit made under this section:

(1) to meet the requirements for which the money is held; or

(2) for reinvestment in accordance with this section.

[\[Previous\]](#)[\[Next\]](#)